

Expiring Incentives Catalyst Fund



**EDP Board Meeting
April 9, 2025**

Background



On Nov. 19, 2024, Council Member Jill Jester presented a two-minute pitch to City Council directing staff to evaluate the feasibility of using expiring incentives as a funding mechanism for the Catalyst Fund.

Timeline:

- December 12, 2024: ISR provided to Council; next step: Agenda Committee.
- January 2, 2025: Agenda Committee meeting canceled.
- February 6, 2025: Agenda Committee consensus to proceed to EDPB and Council Work Sessions.
- March 12, 2025: EDPB meeting canceled

Work Sessions:

- April 9, 2025: EDPB Work Session
- May 6, 2025: Council Work Session

Catalyst Fund: Current Key Funding Sources



- Mixed beverage tax - \$150,000 (annually)
- Investment income
- Utility water and wastewater planned line funds (one-time)
- Franchise fee/Return on Investment revenue \$1,000,000 (annually)
- Fund Balance as of September 2024 – approximately \$5.3 Million
- Annual Budgeted Revenue approx. \$1,150,000

Expiring Incentives:

The pitch proposes a funding mechanism to consider re-dedicating dollars from sales tax incentives as they terminate to the Catalyst Fund.



Chapter 380 Eligible Summary Forecast

Incentive	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 203-32	FY 2032-33	FY 2033-34	Eligible Expiring Total
Chapter 380 Ad Valorem	\$38,174	\$55,991	\$253,506	\$336,596	\$352,630	\$369,466	\$371,235	\$389,797	\$409,287	\$429,751	\$3,006,433
Chapter 380 Mixed Beverage and Sales Tax	\$0	\$28,542	\$94,392	\$99,111	\$104,067	\$109,270	\$114,734	\$120,471	\$126,494	\$3,102,006	\$3,899,087
Total Ad Valorem, Mixed Beverage and Sales Tax Rebate	\$38,174	\$84,533	\$347,897	\$435,707	\$456,697	\$478,737	\$485,969	\$510,267	\$535,781	\$3,531,757	\$6,905,520

Tax Abatement Eligible Summary Forecast

Incentive	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 203-32	FY 2032-33	FY 2033-34	Eligible Expiring Total
Tax Abatement Ad Valorem	\$0	\$135,551	\$142,329	\$208,651	\$219,084	\$230,038	\$241,540	\$253,617	\$266,298	\$279,613	\$1,976,721
Total Tax Abatement Ad Valorem	\$0	\$135,551	\$142,329	\$208,651	\$219,084	\$230,038	\$241,540	\$253,617	\$266,298	\$279,613	\$1,976,721

A 5% growth rate is applied

Expiring Incentive: Total Eligible Incentive Analysis



Total Eligible Chapter Forecast

Incentive	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Eligible Expiring Total
Year	1	2	3	4	5	6	7	8	9	10	
Expiring Total	\$38,174	\$220,085	\$490,226	\$644,359	\$675,781	\$708,775	\$727,509	\$763,884	\$802,079	\$3,811,370	\$8,882,241
Cumulative Total	\$38,174	\$258,259	\$748,485	\$1,392,843	\$2,068,625	\$2,777,399	\$3,504,908	\$4,268,793	\$5,070,871	\$8,882,241	\$8,882,241

10-year Potential Revenue:

- Chapter 380 incentives: \$6.9 million
- Tax abatements: Additional \$2.0 million
- Total Potential: **\$8.9 million**

Strategic Plan Goal to Reach \$7 and \$9 million

- Year 6: Fund Balance \$4.3 M and \$2.8 M= \$7.1 M
- Year 8: Fund Balance \$4.3 M and \$4.3 M= \$8.6 M
- Year 9: Fund Balance \$4.3 M and \$5.1 M= \$9.4 M

Excludes annual revenue
Note: mixed beverage would decrease the year to reach goal by roughly one year

Recommendations and Next Step(s)



Recommendations

Recommend reallocating expiring economic development incentives to the Catalyst Fund contingent on annual budget evaluations and general fund status for a maximum of \$9 million.

Alternative:

Recommend allowing expiring incentives to transfer back to the general fund.

Next Step

- City Council Work Session on May 6, 2025

Questions

